

USDA 2020/21 U.S. Grains and Oilseeds Outlook



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Presented on behalf of the Grains and Oilseeds Interagency Committees

What we'll be talking about today

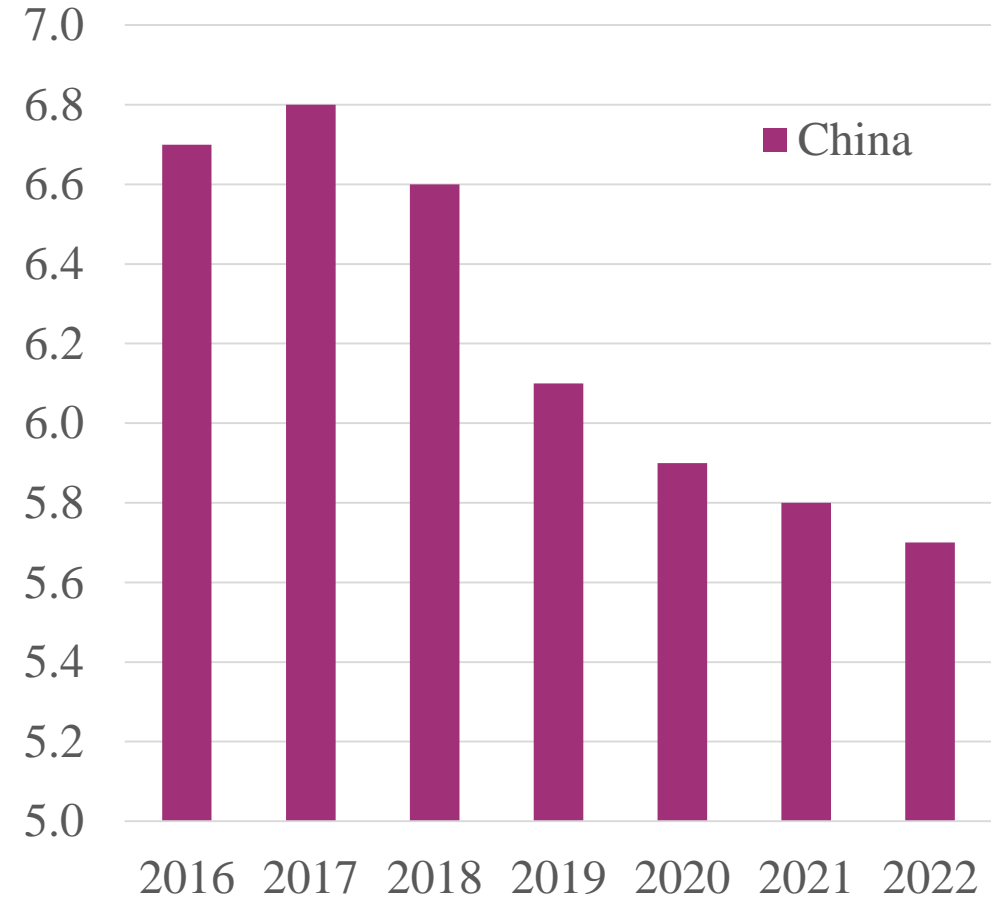
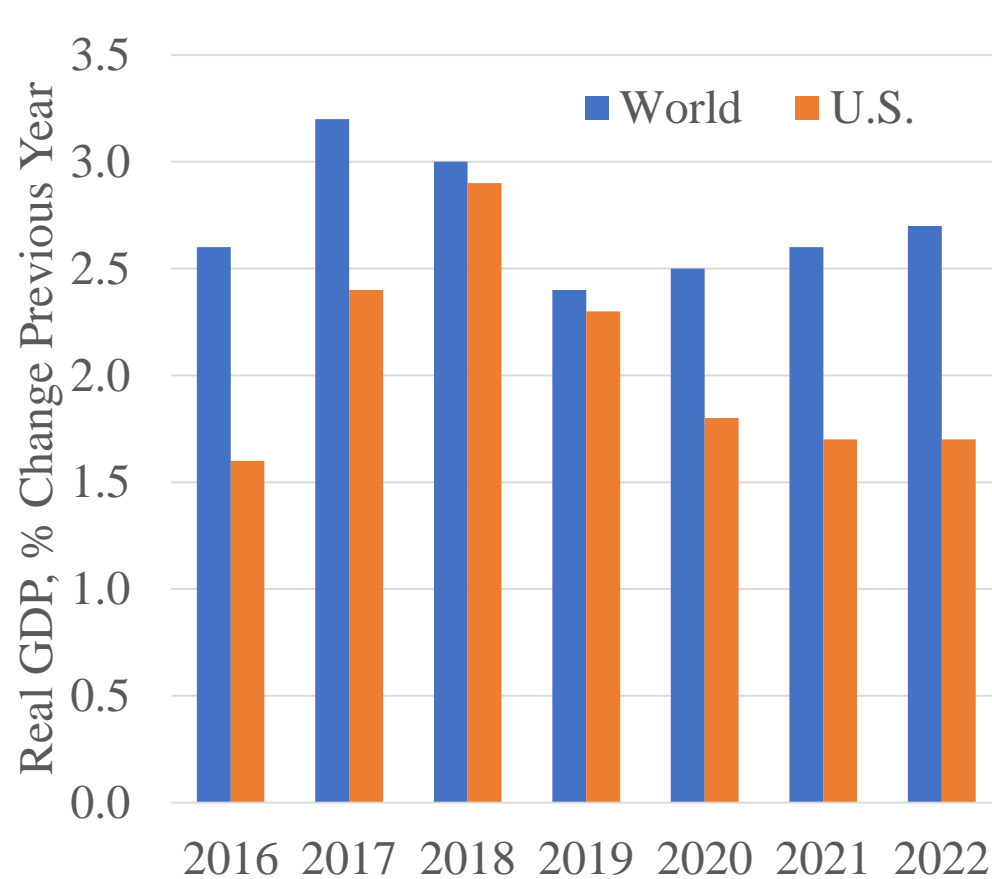
1) The 2020 setting

- Macro (GDP and exchange rate)
- Trade (China Phase I deal, coronavirus, African Swine Fever)
- Weather
- Farm financial pressure (crop margins)

2) 2020 Crop Highlights

- Corn
- Soybeans
- Wheat

Global growth to recuperate; China growth to decline

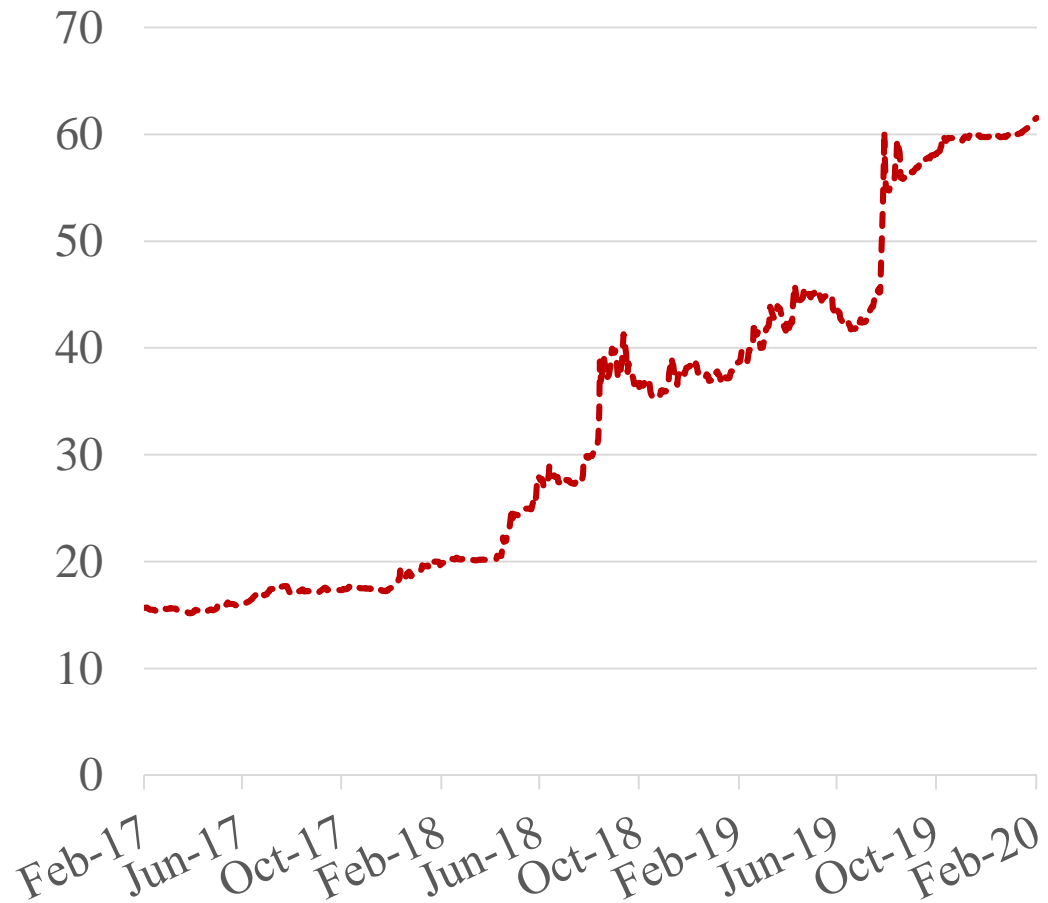


Source: World Bank Global Economic Prospects, January 2020. 2019 is not final, 2020-22 are forecasts

Recent upturn in dollar

What a U.S. Dollar buys you:

Argentinian Pesos



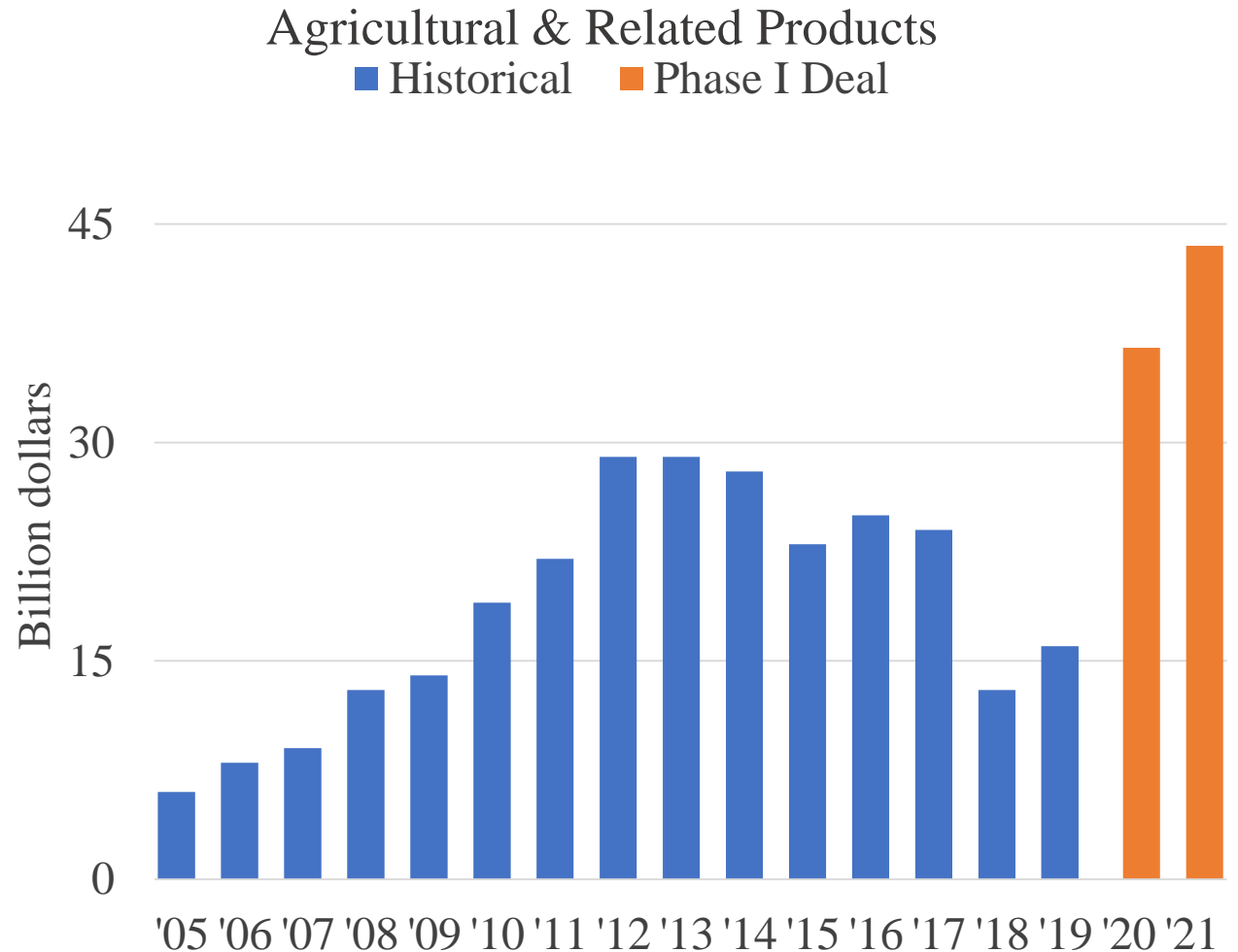
Brazilian Real



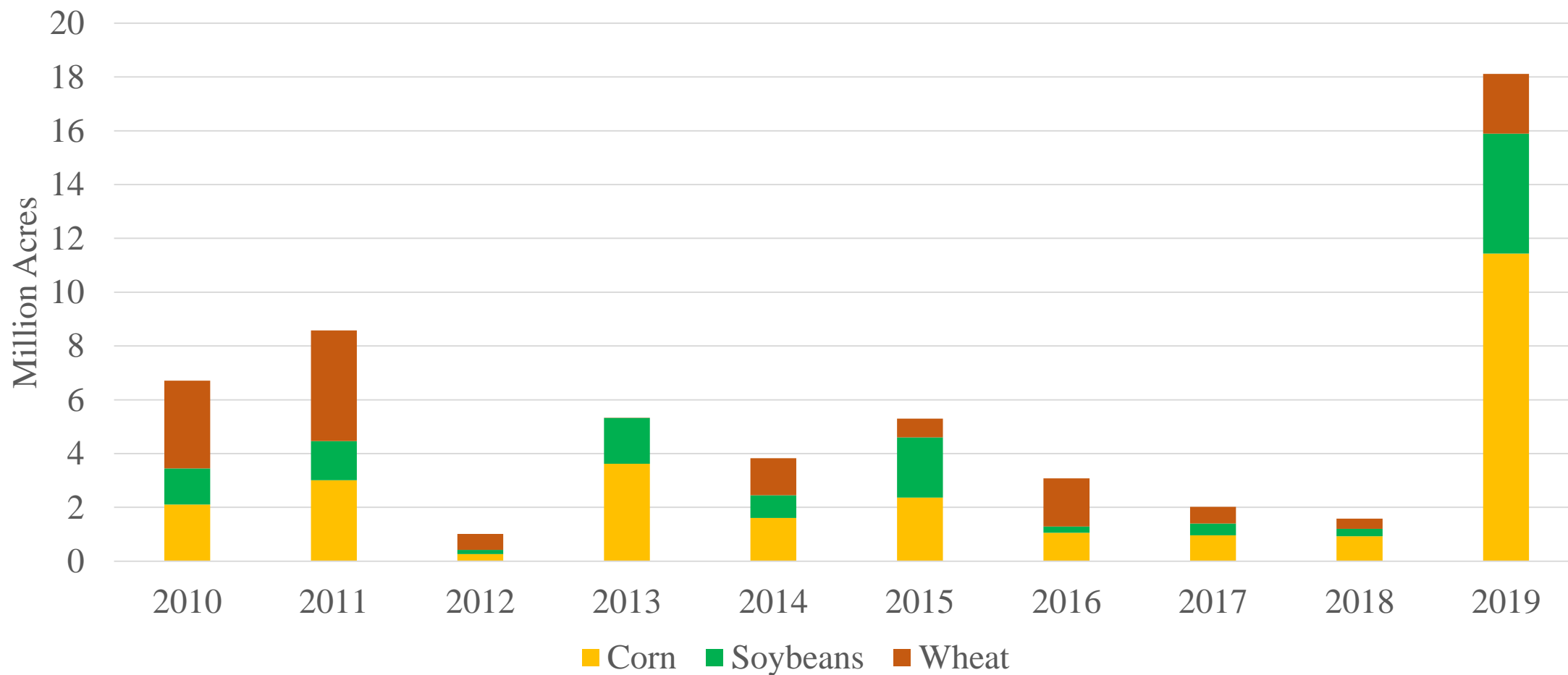
Phase I Deal...what's the deal?

Commitments by China to increase purchases over 2017 baselines:

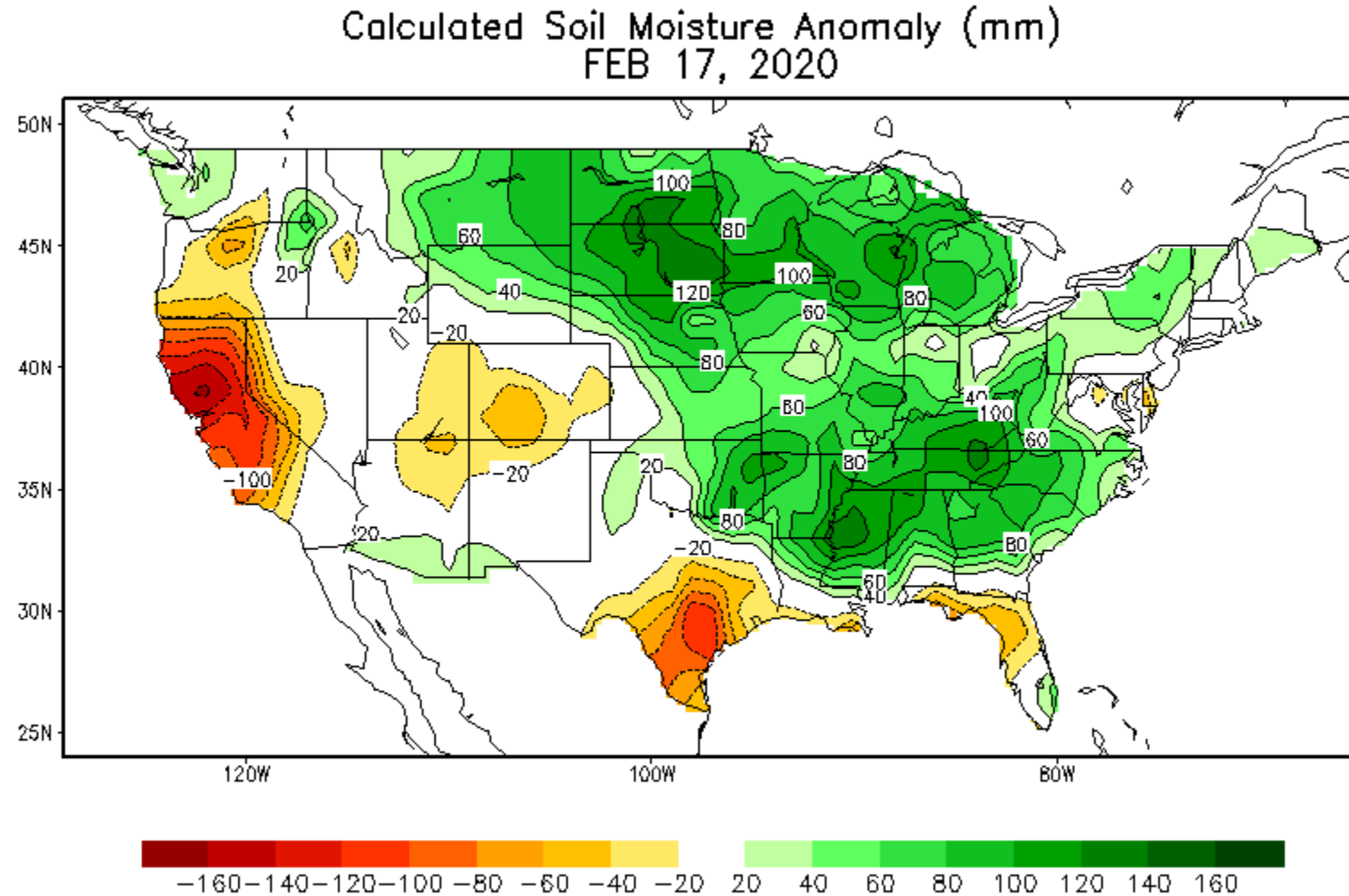
- Agricultural goods (2017 = \$24 billion):
 - +\$12.5 billion in 2020
 - +\$19.5 billion in 2021
- Energy goods (2017 = \$9.1 billion)
 - +\$18.5 billion in 2020
 - +\$33.9 billion in 2021



Total corn, soy, wheat prevented planting hit record high in 2019

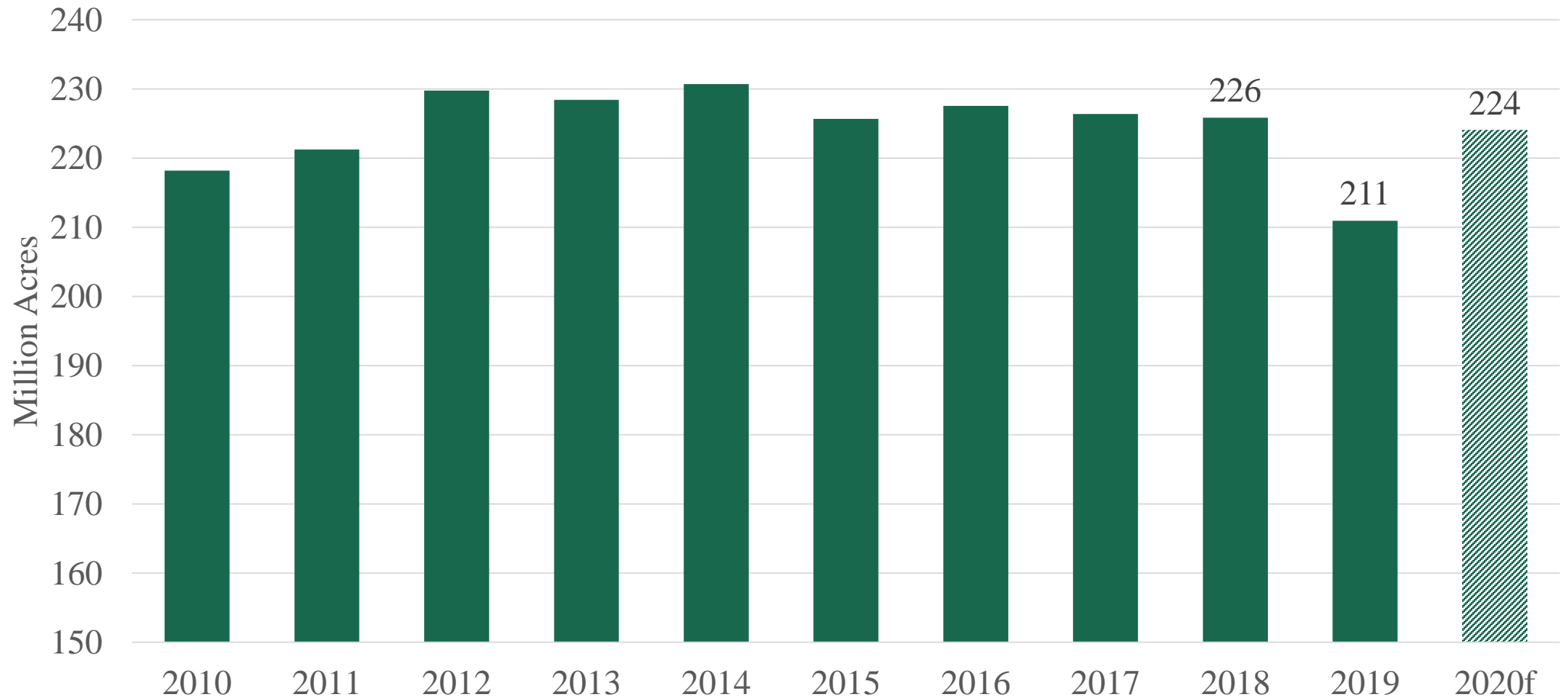


It's wet and could continue to be wet

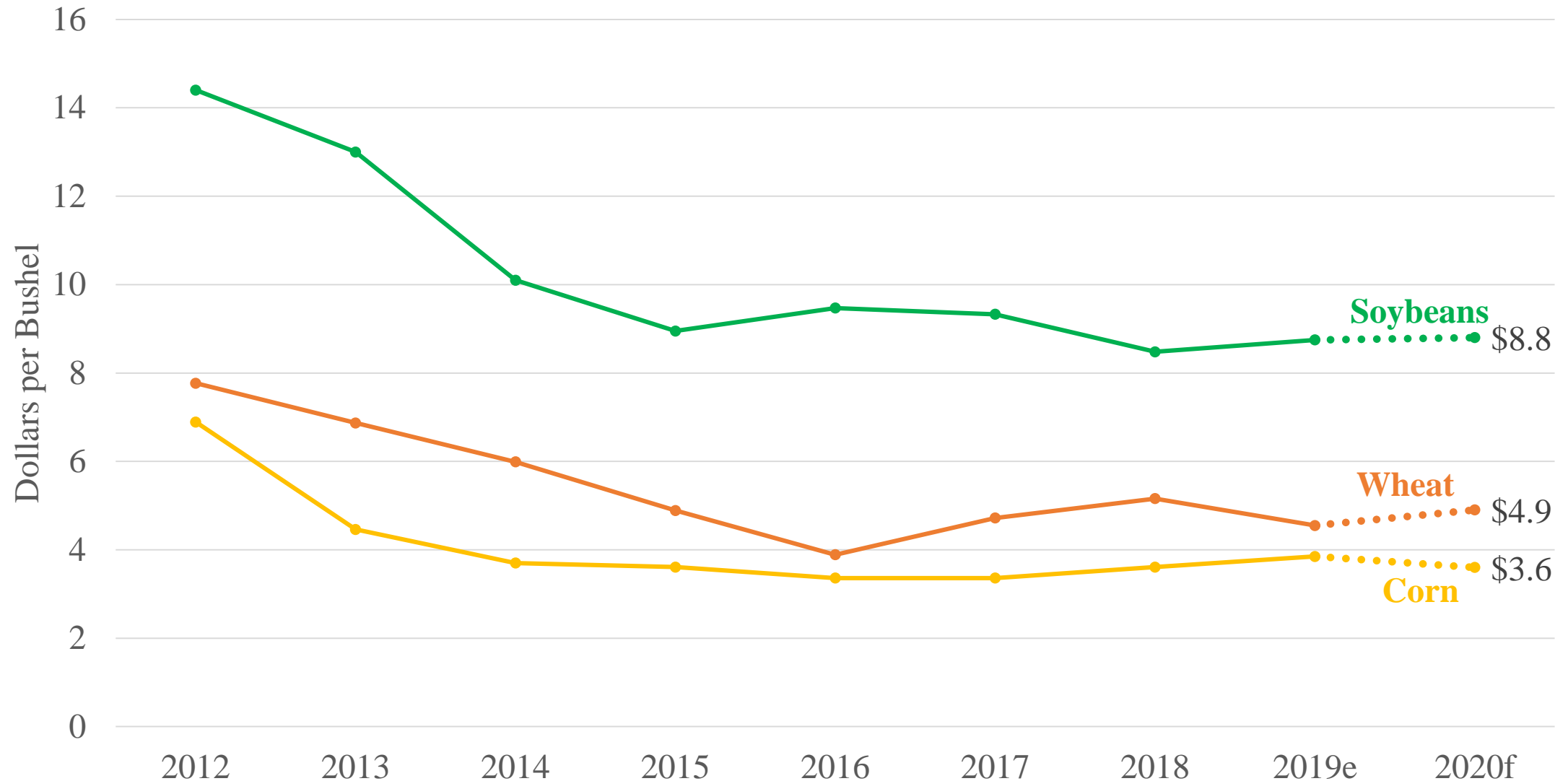


Increasing 3-crop planted area

Total corn, soybeans, and wheat acreage

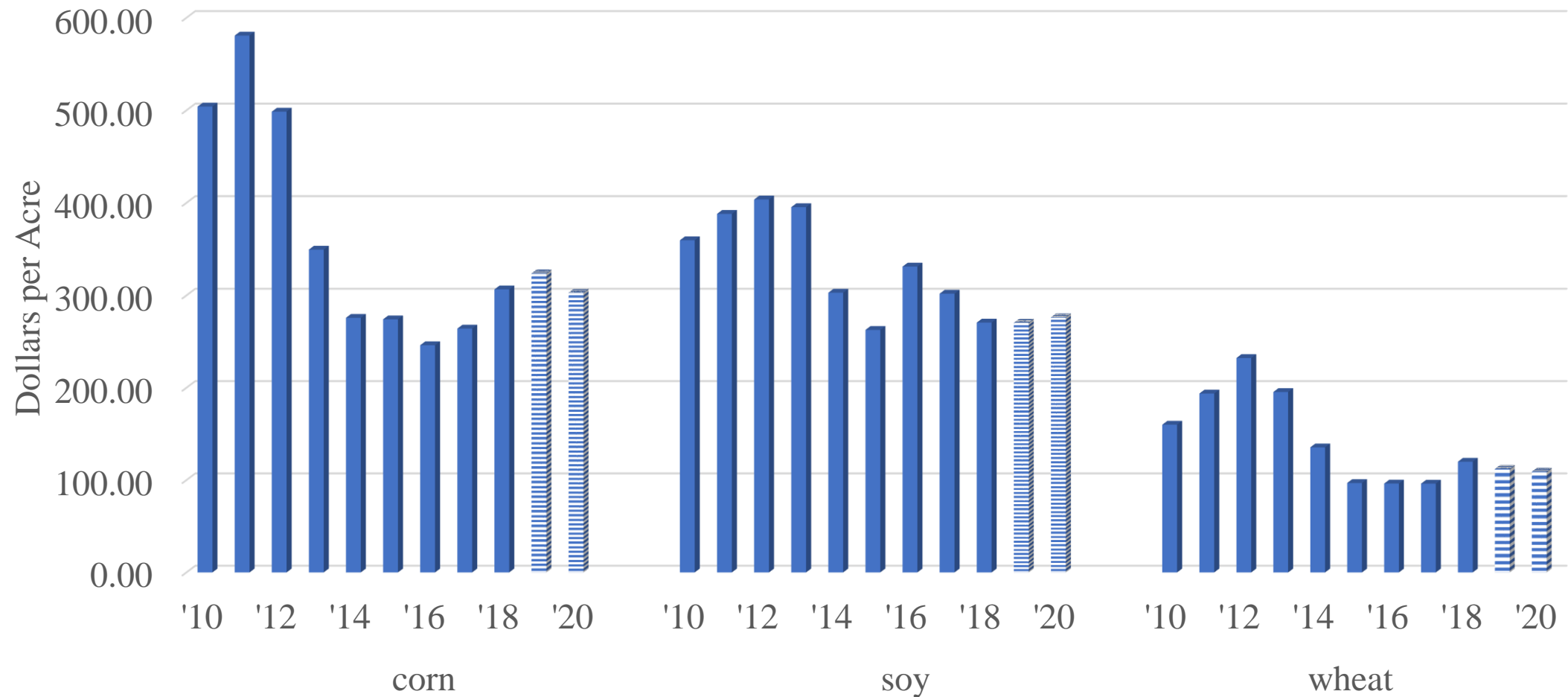


Corn down, wheat up, soy slightly up



Weak margins to persist

Returns over Operating Costs:

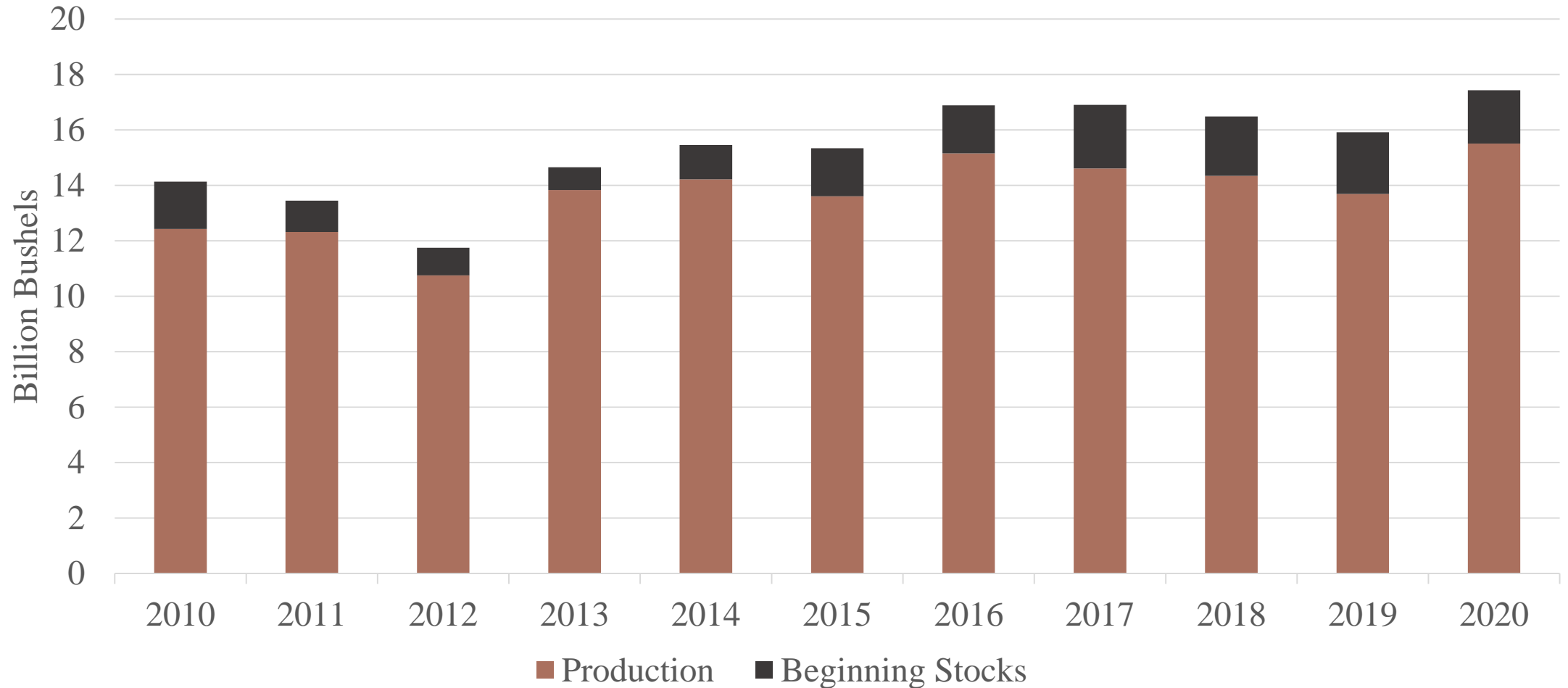


Note: Margins exclude government payments. 2019/20 is not final, 2020/21 is a forecast.

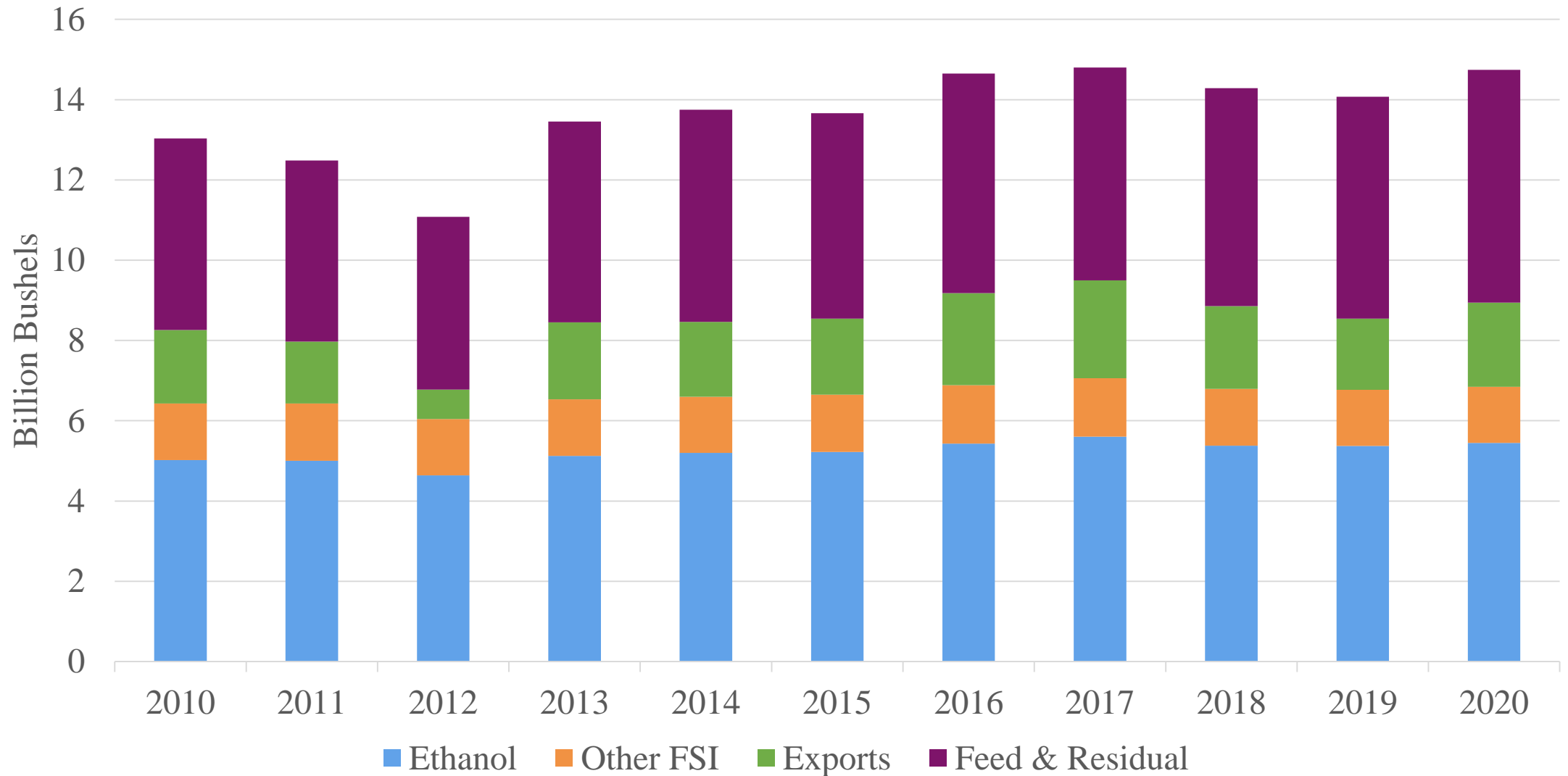
U.S. Corn 2020/21 Highlights

- **Planted area** is forecast at 94 million acres, 5 percent above 2019/20
- **Production** is forecast at 15.5 billion bushels, 13 percent above 2019/20
- **Food, Seed, and Industrial (FSI)** is forecast to increase to 6.8 billion bushels, 20 million bushels above 2019/20
- **Feed and residual** is forecast to increase to 5.8 billion bushels, 275 million bushels above 2019/20
- **Exports** are forecast to increase to 2.1 billion bushels, 375 million bushels above 2019/20
- **Ending Stocks** are forecast to increase to 2.7 billion bushels, up 745 million bushels from 2019/20

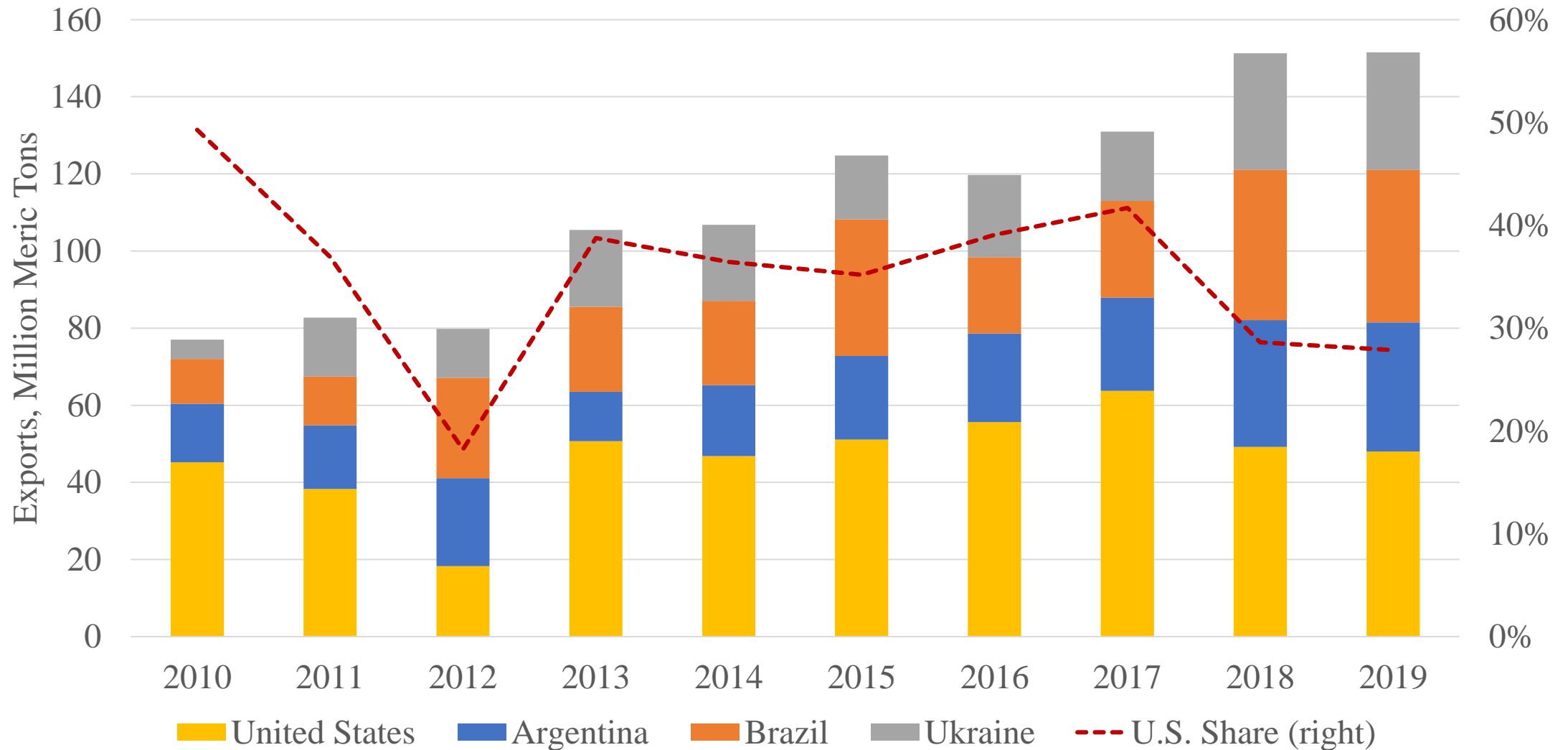
Lower corn stocks, but total supply to increase



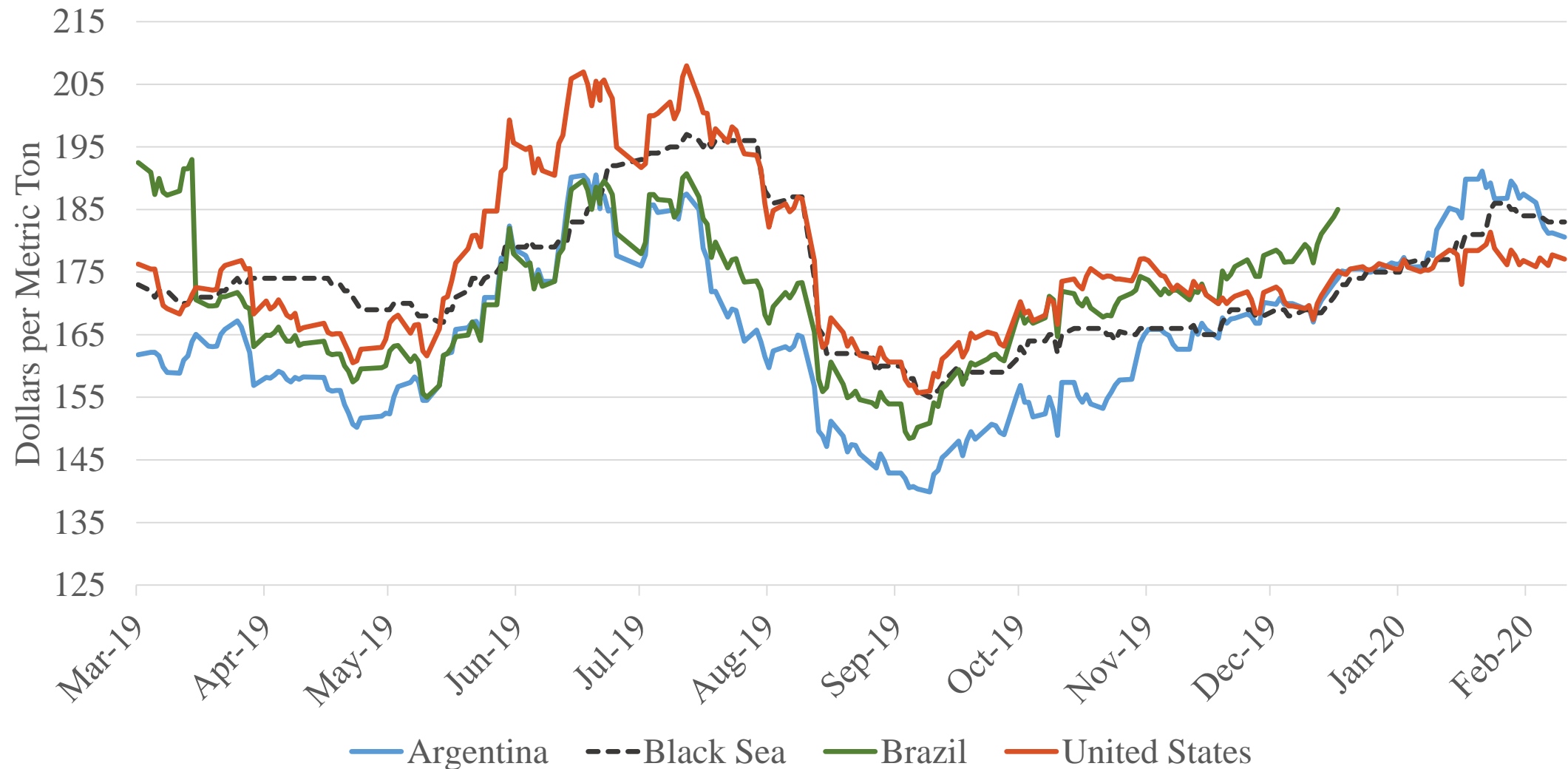
Corn consumption is increasing slightly



Global corn export share has declined



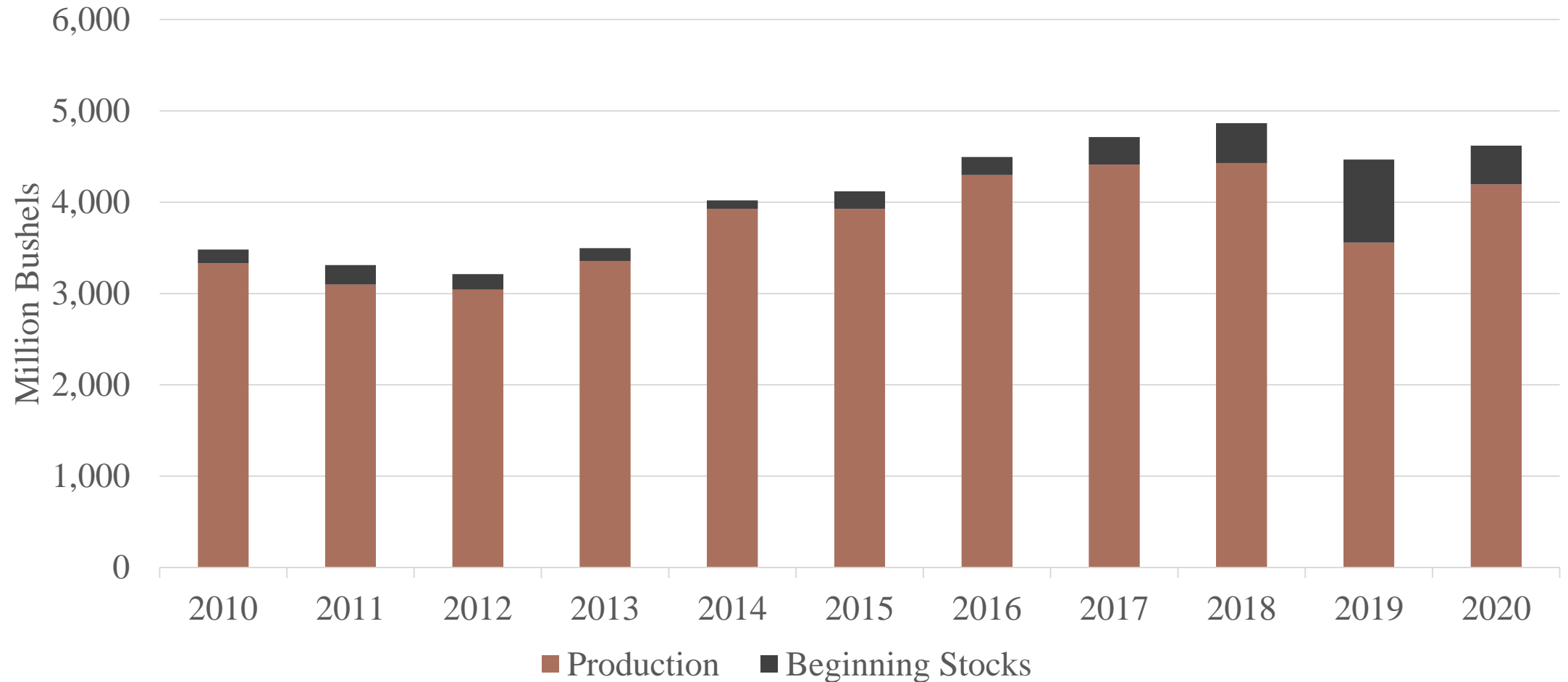
U.S. corn price is currently competitive



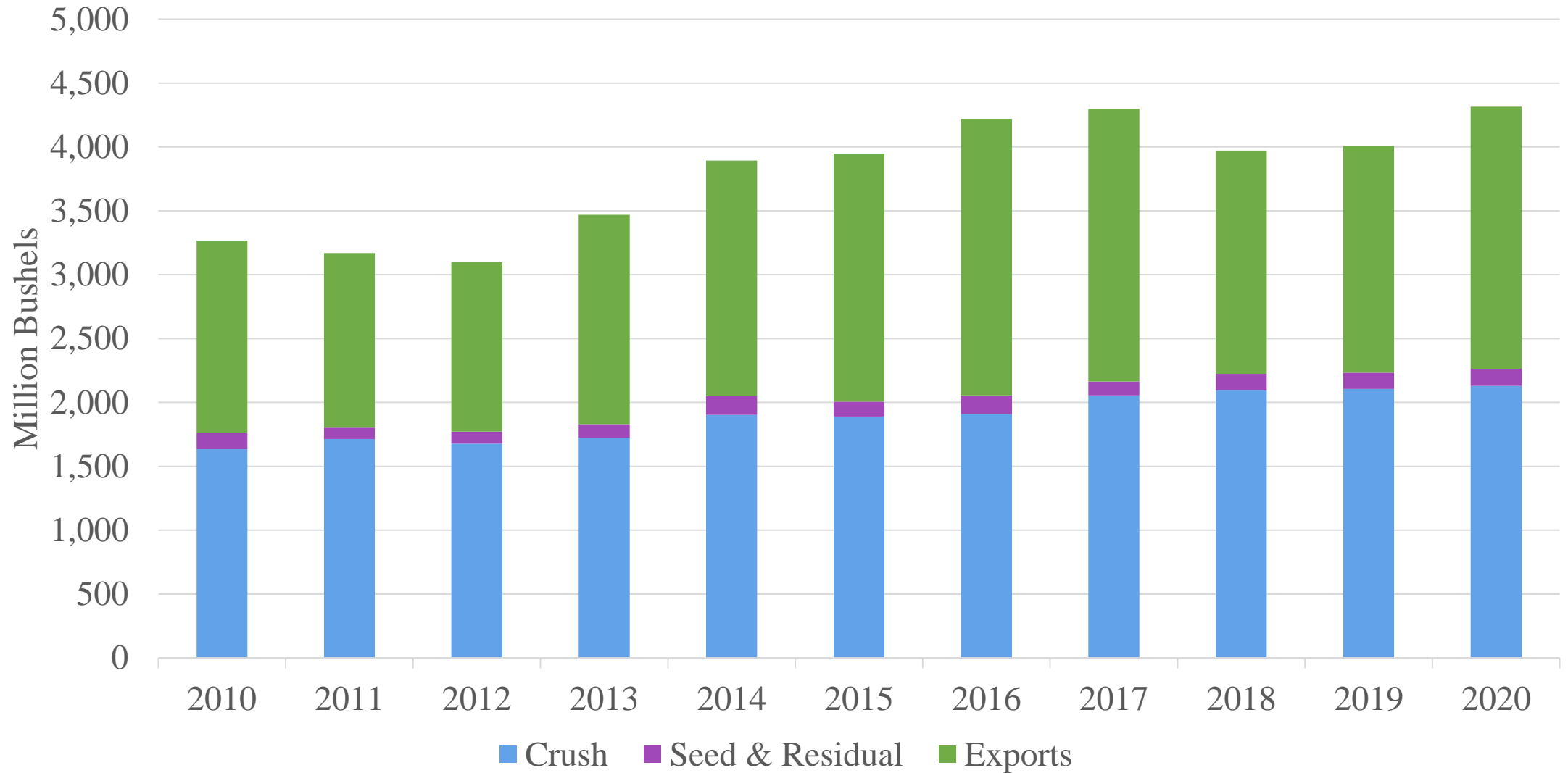
U.S. Soybean 2020/21 Highlights

- **Planted area** is forecast at 85 million acres, 12 percent above 2019/20
- **Production** is forecast at 4.2 billion bushels, 18 percent above 2019/20
- **Crush** is forecast at 2.1 billion bushels, an increase of 25 million bushels from 2019/20
- **Exports** are forecast to rise to 2.1 billion bushels, a 225 million bushel increase from 2019/20
- **Ending stocks** are forecast to decrease to 320 million bushels, down 484 million bushels from 2019/20

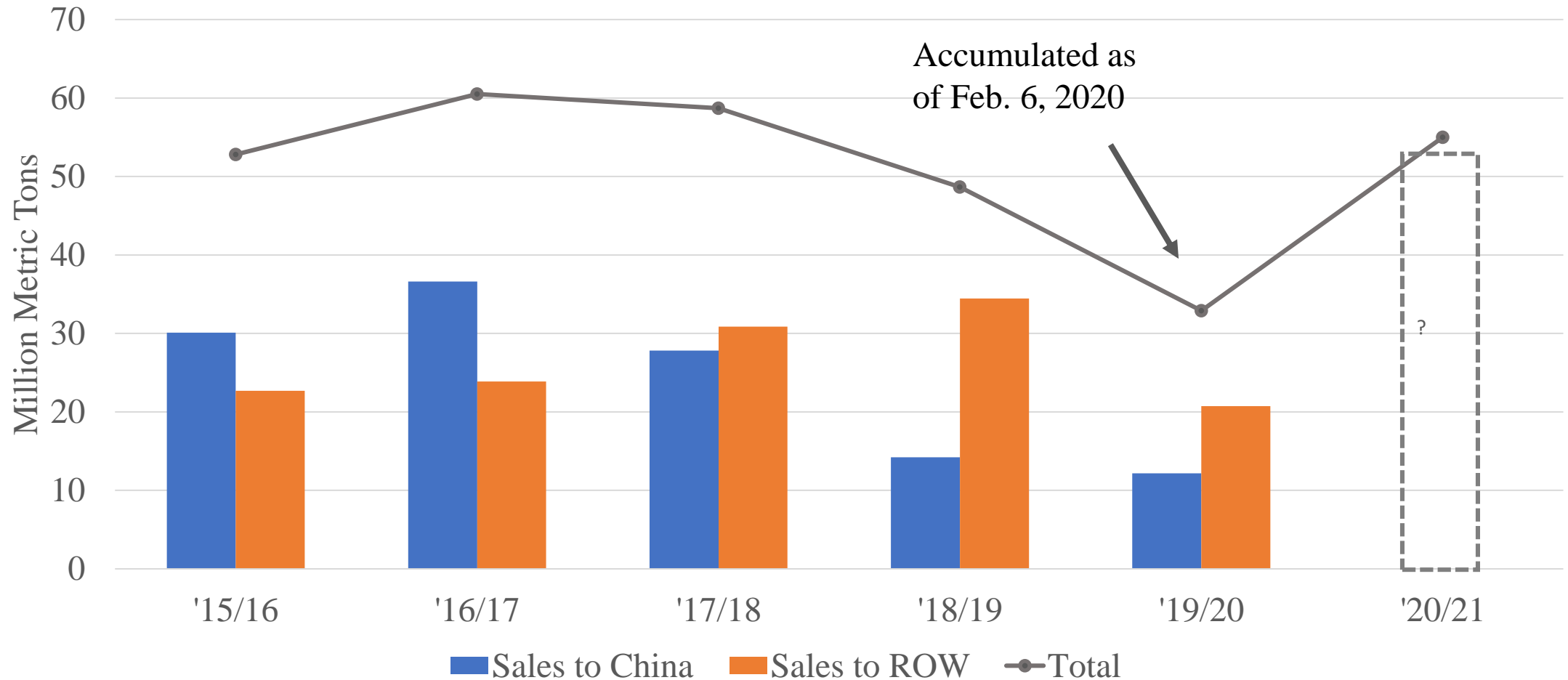
Soybean supply increase on higher production



Soybean use is increasing



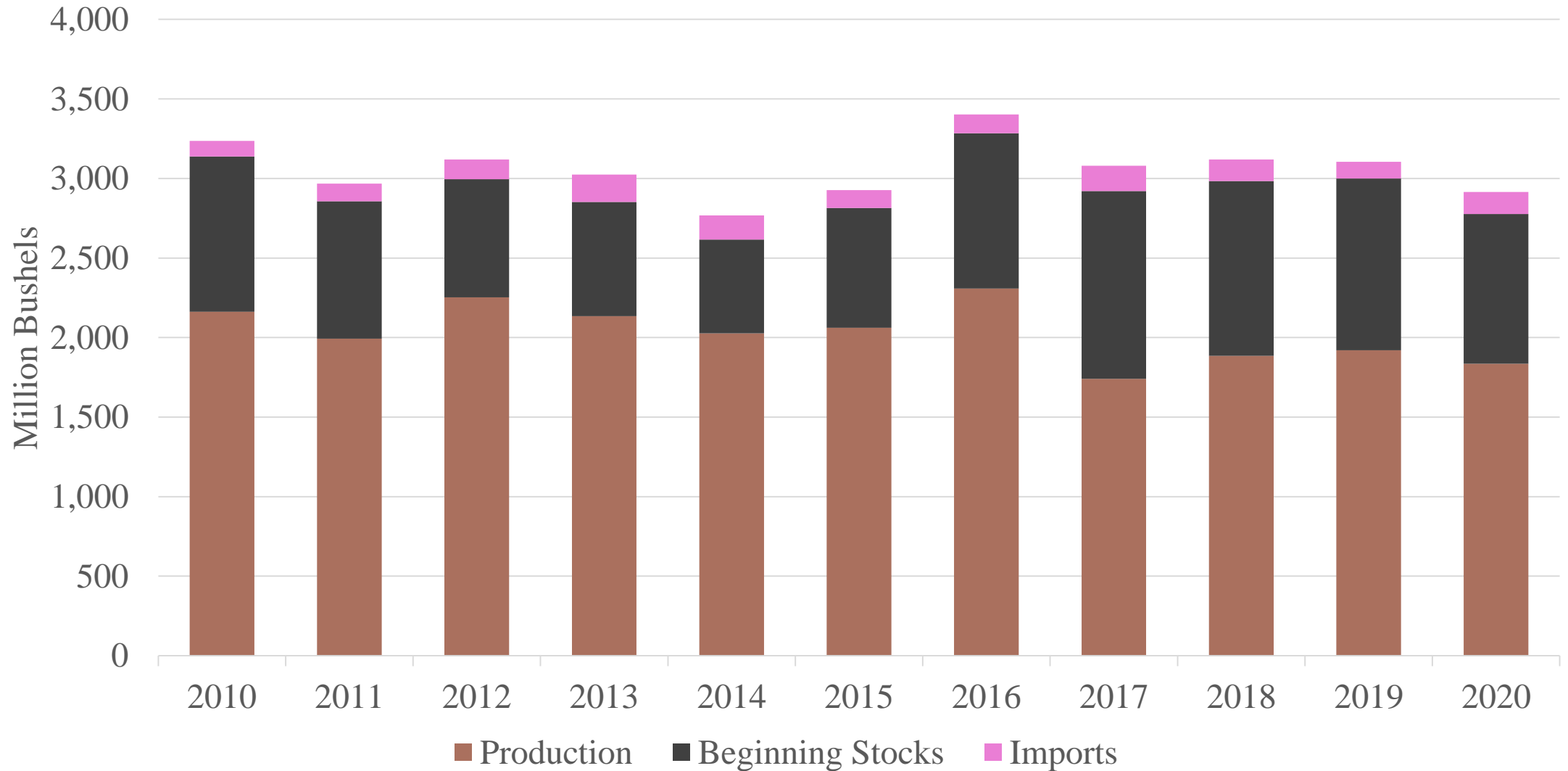
In 2018/19, U.S. soybean exports to China decreased, increased for ROW



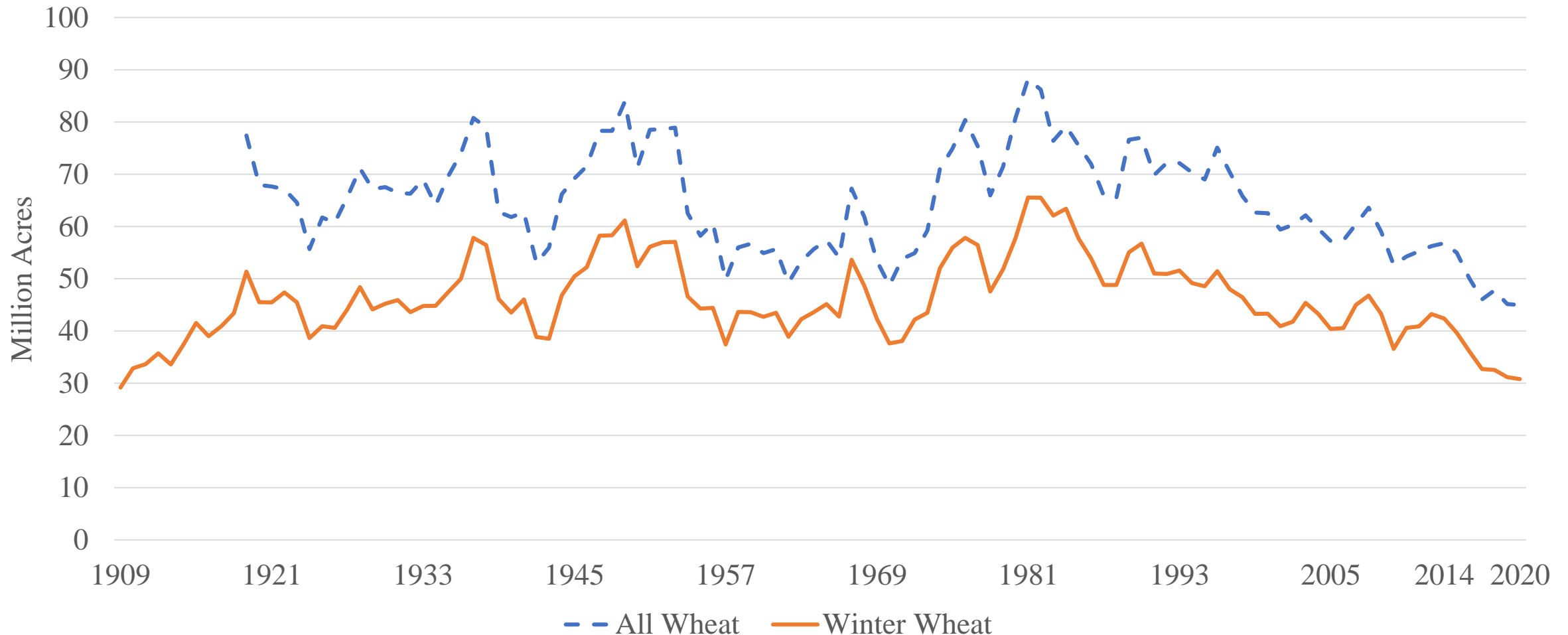
U.S. Wheat 2020/21 Highlights

- **Planted area** is forecast at 45 million acres, less than 1 percent lower from 2019/20
- **Production** is forecast at 1.8 billion bushels, 4 percent lower from 2019/20
- **Feed and residual use** is forecast at 120 million bushels, down 30 million from 2019/20
- **Food use** is forecast to increase to 958 million bushels, only 3 million higher from 2019/20
- **Exports** are forecast to stay constant at 1.0 billion bushels, as the U.S. has become relatively more competitive in international wheat markets
- **Ending Stocks** are forecast to tighten by about 160 million bushels to 777 million bushels, a five-year low

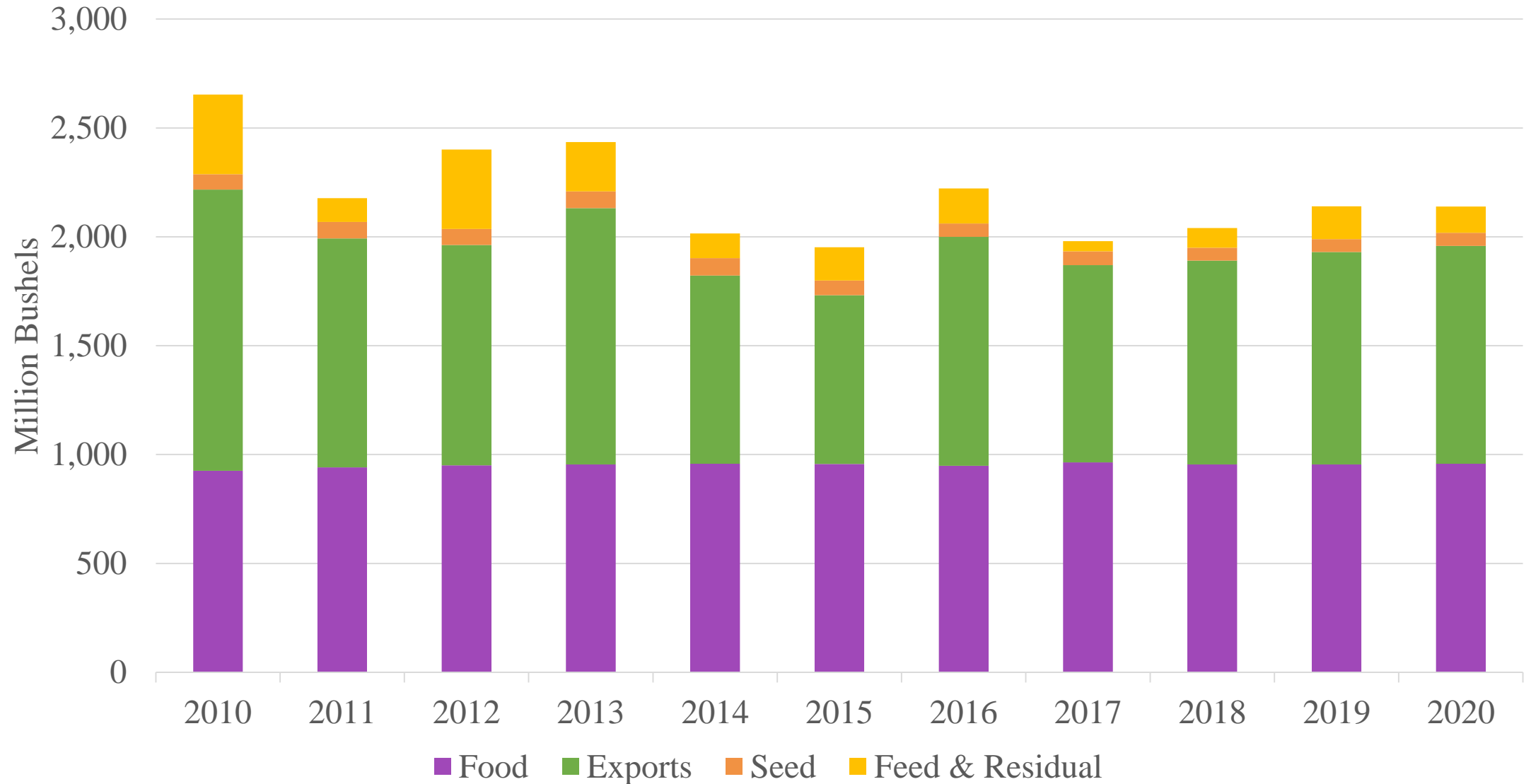
Wheat supply is down



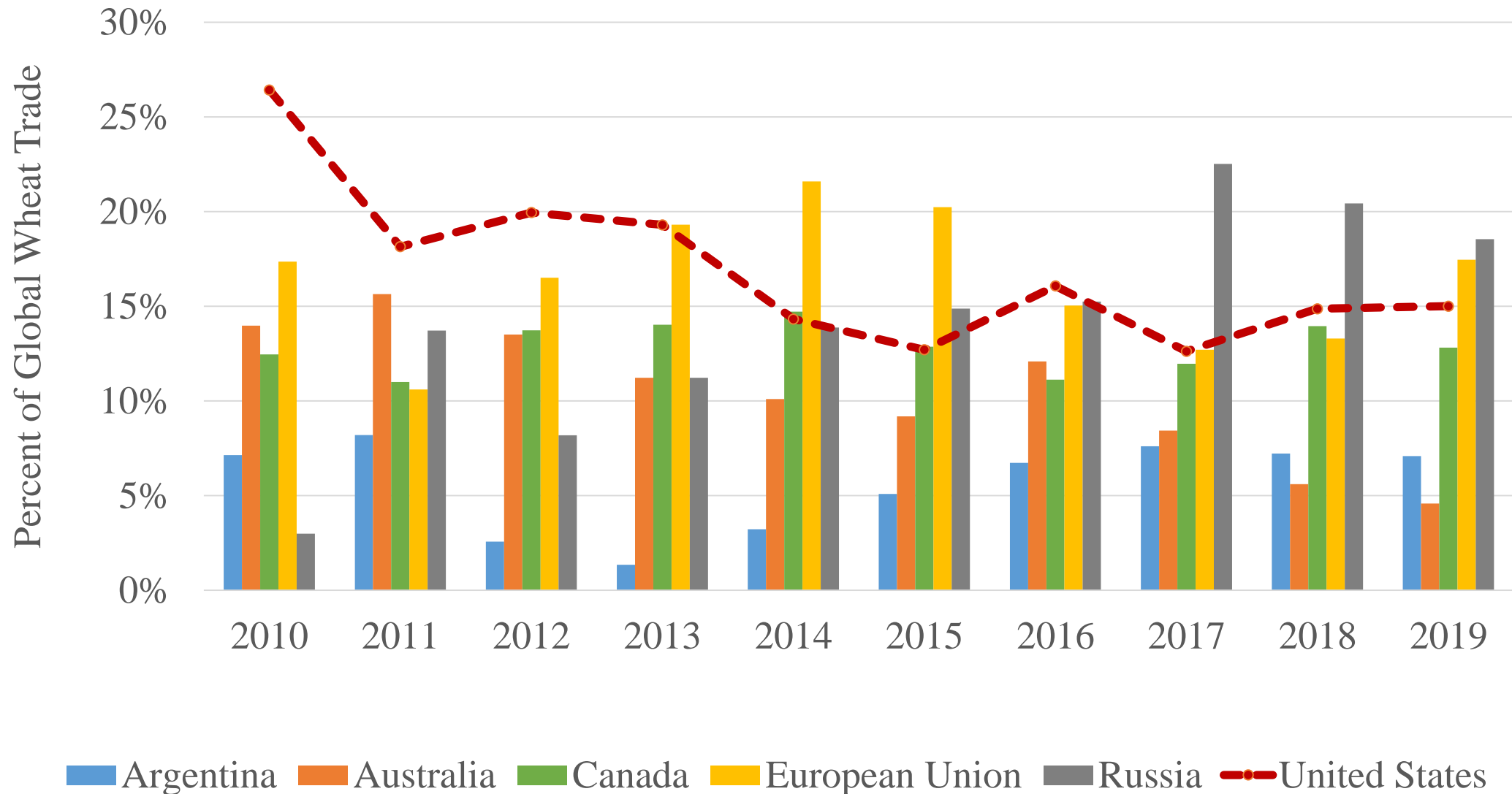
Winter wheat sowings—second lowest on record after 1909



Small dip in wheat consumption

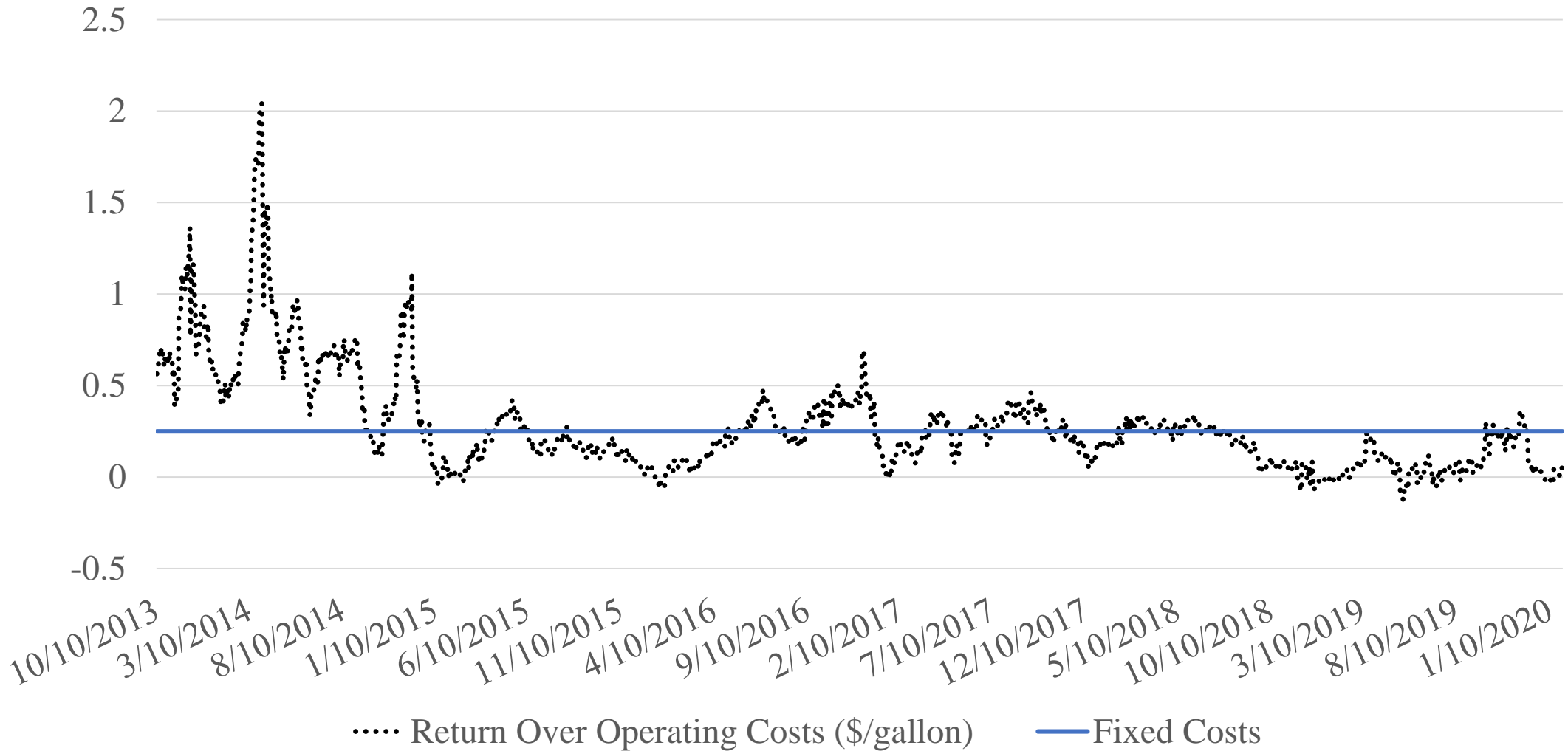


Global wheat competition remains



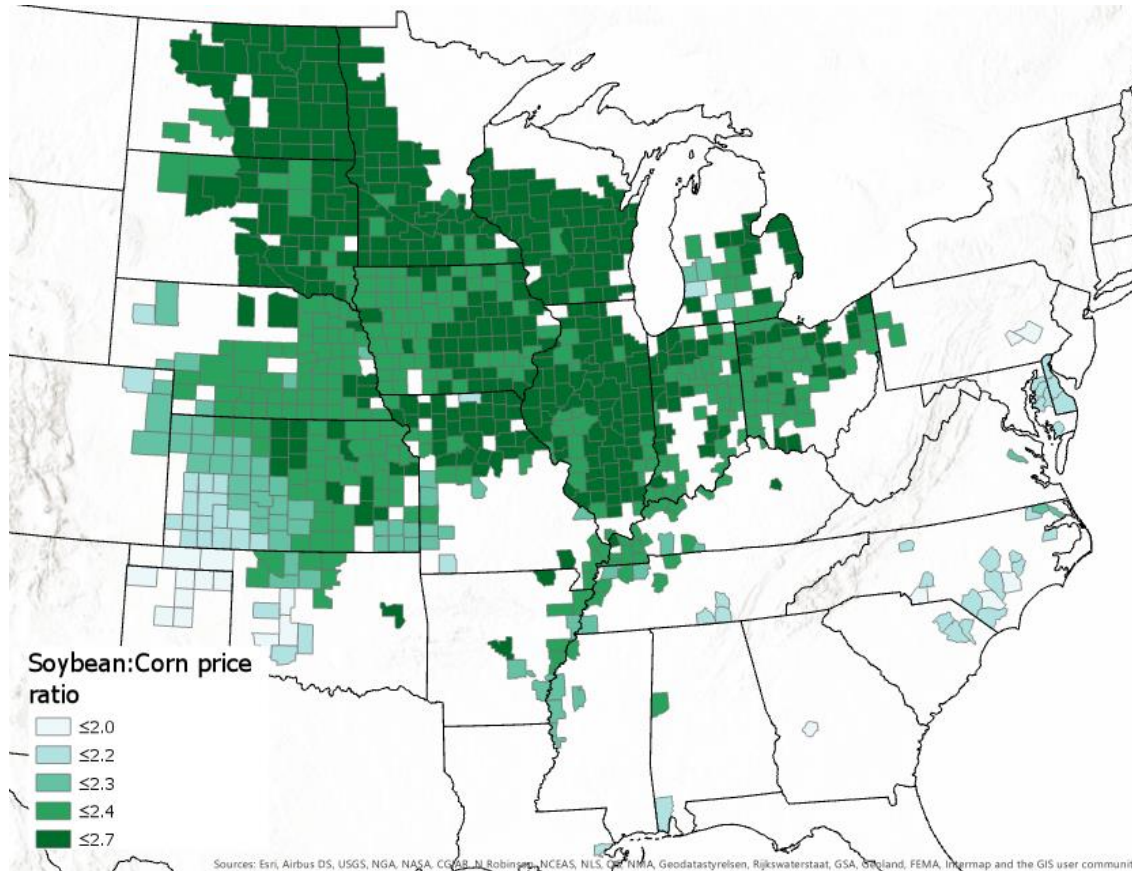
Thank you!

Returns from ethanol



Soybean to Corn Price Ratio

Feb. 2019



Feb. 2020

